

FISCAL NOTE

Bill #: HB0097

Title: Fund biotech research

Primary

Sponsor: Hal Harper

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
State Special Revenue	\$1,598,000	\$1,551,000
Revenue:		
General Fund	(\$1,598,000)	(\$1,551,000)
State Special Revenue	<u>1,598,000</u>	<u>1,551,000</u>
Total	\$0	\$0
Net Impact on General Fund Balance:	(\$1,598,000)	(\$1,551,000)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. On the effective date, \$23.5 million would be transferred from the permanent coal tax trust to the Biomedical Research Endowment Fund. No additional coal tax revenues would be deposited in the new endowment fund.
2. The \$23.5 million to be transferred is currently invested in the trust fund bond pool.
3. On the effective date, \$23.5 million of pool shares would be transferred from the Permanent Fund to the Endowment Fund. The units would be transferred at book value so there would be no loss or gain on the transaction.

4. Under current law, all income from the Permanent Fund is deposited in the general fund. If the proposed bill passes, all income from the Biomedical Research Endowment Fund would be deposited in a special revenue account to fund biomedical research grants and administrative expenses.
5. General fund expenditures would remain unchanged while general fund revenues are reduced by the interest earnings on the \$23.5 million.
6. State special expenditures increase by the amount of interest earned on the \$23.5 million. Assume administrative expenses and 2.00 FTE (Grade 17 and 12) would be \$125,000 per year.
7. The interest rate in FY 2000 is estimated to be 6.8% and 6.6% in FY 2001. Interest is not compounded because it is expended.

FISCAL IMPACT:

	FY2000 <u>Difference</u>	FY2001 <u>Difference</u>
FTE	2.00	2.00

Expenditures:

Personal Services	\$67,528	\$67,528
Operating Expenses	57,472	57,472
Grants	<u>1,473,000</u>	<u>1,426,000</u>
TOTAL	\$1,598,000	\$1,551,000

Funding:

State Special Revenue (02)	\$1,598,000	\$1,551,000
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Revenues:

General Fund (01)	(\$1,598,000)	(\$1,551,000)
State Special Revenue (02)	\$1,598,000	\$1,551,000

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(1,598,000)	(\$1,551,000)
State Special Revenue (02)	\$1,598,000	\$1,551,000

LONG-RANGE IMPACTS:

The bill would result in a long-term reduction in general fund revenues.

TECHNICAL NOTES:

1. This bill makes the Board of Investments responsible for administering the grant program. While the Board would invest the new Endowment Fund, it has no experience with the grant functions assigned to it by this bill. It may be more appropriate to assign these duties to the Department of Commerce, Economic Development Division, a division that does administer large grant programs.